

# REP. SHARON TOMIKO SANTOS 37TH LEGISLATIVE DISTRICT

## PROTECTING OUR CIVIL RIGHTS

**“And whatever affects one directly affects all indirectly”**

*The Rev. Dr. Martin Luther King, Jr.*

**The right to equal treatment** – In a significant victory for equal rights, the Legislature clarified that state-registered domestic partners are no different from married spouses under the laws of the State of Washington. This legislation eliminates any ambiguity about the legal status of domestic partners and abolishes discrimination against registered same-sex couples in the exercise of their rights, benefits, immunities, responsibilities, and privileges. Regrettably, opponents are gathering signatures to place a referendum on the fall ballot to overturn this hard-won fight for fairness.

**The right to due process** – Occasionally, a noteworthy achievement is not what the Legislature enacts but what legislation is obstructed. I successfully blocked passage of a bill that purported to save money for the state by transferring the custody of immigrants in state prisons to the federal Department of Homeland Security for immediate deportation. Proponents of the measure argued that – in addition to achieving budget savings – our communities would get rid of “illegal aliens” who committed crimes against the state. In fact, not all of the detained immigrants are “illegal;” some are permanent legal residents of the U. S. and a few are naturalized American citizens! To make matters worse, some facing deportation are in prison for crimes in which they were innocent participants, including a grandmother who immigrated here as a teenager. Rather than sacrifice our Constitution for cost-savings, I led the effort to ensure that every potential deportee receives adequate access to legal representation prior to their transfer to federal prison.



2009  
LEGISLATIVE  
SESSION  
REPORT

P. O. Box 40600  
Olympia, WA 98504-0600

REP. SHARON TOMIKO SANTOS

STATE REPRESENTATIVE

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- Finance
- Financial Institutions and Insurance
- Rules
- Executive Rules

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# 2009 LEGISLATIVE SESSION REPORT

July 2009

Dear Neighbor,

Without question, this past legislative session was the most challenging of the eleven years I have served as your state representative. The size and substance of the 2009 – 2011 biennial operating budget engendered heated disagreement and debate – in the Legislature as well as in the public – about how to achieve a balance between our funding priorities and our available resources.

Only weeks after the Governor unveiled her proposed budget to deal with a nearly \$6 billion shortfall, the Washington State Economic Forecast Council reduced our projected revenues an additional \$3 billion. This \$9 billion budget gap, the largest in state history, directly reflects the financial turmoil felt across the nation and throughout the globe. Economic uncertainty, massive job losses and a housing crisis led people to cut back on spending, collectively contributing to the loss of tax revenues from businesses, from homeowners, and from consumers.

Under these dire circumstances, I believe the Legislature acted prudently to keep our state moving toward economic recovery. We forged a two-year operating budget that closed the gap through a combination of difficult spending cuts and one-time federal recovery dollars. We also left approximately \$750 million in our ending balance and the Budget Stabilization account, a decision which some roundly criticized. However, the June forecast decreased state revenues by an additional \$482 million since the Legislature adjourned, *virtually eliminating the entire ending balance*, underscoring the practicality of a healthy reserve.

The Economic Forecast Council will issue two more quarterly projections before the next regular legislative session. By then, let us hope that the capital investments made this year in public infrastructure – roads, bridges, and public buildings – helps to boost our state economy and stave off further declines in our revenues. In the meantime, like individuals and families across the nation, the state is maximizing every public dollar you have entrusted us to spend wisely.

I believe government must adhere firmly to our fundamental values, especially during periods of great uncertainty. To this end, I remain committed to improving public education for *all* students, promoting economic development that benefits *everyone*, and championing our *universal* civil rights. I am pleased to report in this newsletter that, despite our financial woes, the state took important action on issues reflecting these priorities of our dynamic and diverse 37<sup>th</sup> legislative district.

Thank you, once again, for the opportunity to represent you in Olympia. Please stay in touch by calling or writing to me about the issues that concern you. I welcome hearing from you and appreciate your continued participation in our democratic process.

Sincerely,

Sharon Tomiko Santos  
State Representative  
37<sup>th</sup> District



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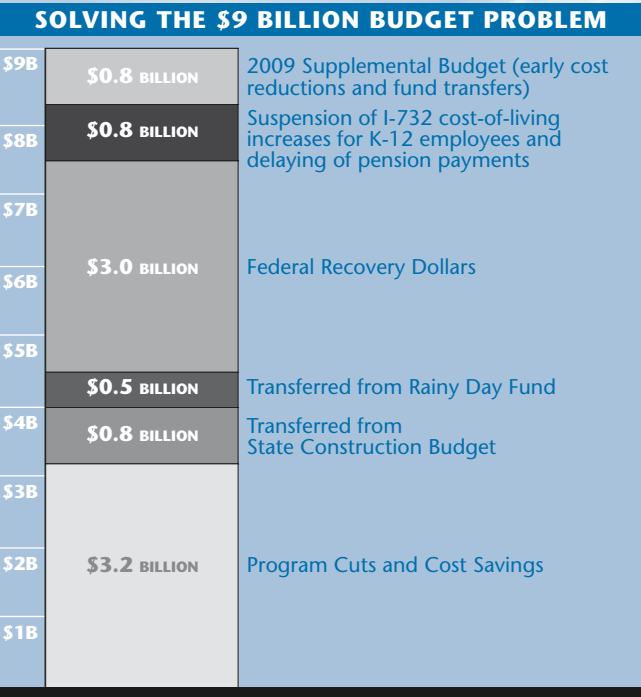
Rep. Sharon Tomiko Santos

CLOSING THE (BUDGET) GAP

In Washington, we adopt two-year, or biennial, budgets. For the 2009-2011 biennium, lawmakers faced a nearly \$9 billion difference between our anticipated revenues and the expenditures necessary to maintain existing levels of public services.

How did the Legislature balance the budget?

Budget writers developed an austere spending plan that, first, acknowledged the full breadth of our fiscal shortage by reducing \$9 billion in expenses. Then, through difficult negotiations, lawmakers agreed to restore certain budget items with fund transfers and federal economic recovery dollars. The chart below outlines the cuts, fund transfers, and federal dollars that we approved to balance the budget:



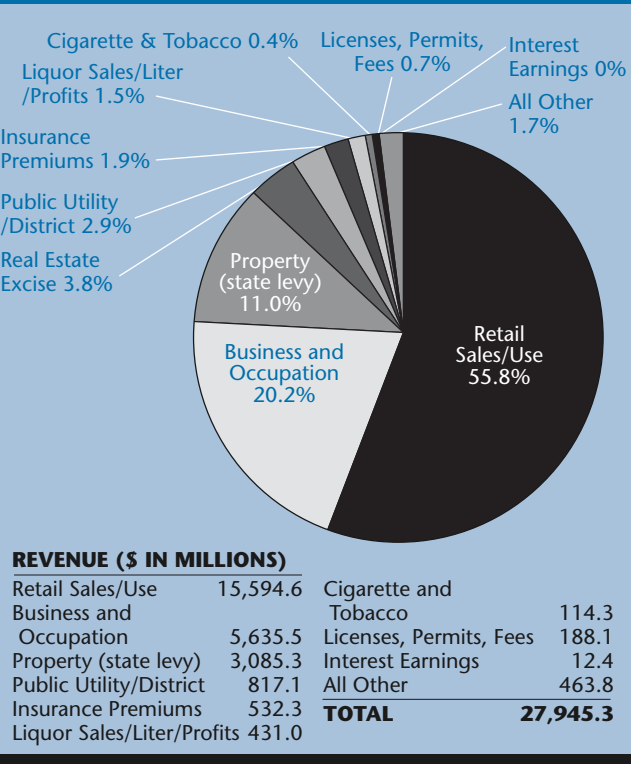
What was the impact of federal assistance?

Washington received \$3 billion in federal recovery dollars, allowing legislators to “buy back” some budget cuts initially proposed. However, this one-time federal assistance won’t be available in future biennia. If the state revenue outlook deteriorates further, we may need to make additional cuts to programs and services.

Why didn’t the Legislature increase state revenues?

Many people urged lawmakers to increase revenues rather than cut public education, health care, and social service programs.

STATE REVENUES FOR 2009-2011 - MARCH '09 FORECAST



As the above chart illustrates, the three largest sources of state revenue are retail sales & use tax, business & occupation tax, and property tax, respectively. More than half of our revenue is dependent upon the sales of goods and services. As consumers economize during these tough times, **state sales tax** receipts go down. Some advocates suggested raising the sales tax on a temporary basis to pay for human services. Yet, even a small, short-term increase in sales tax hurts lower-income people who already struggle to pay for the necessities while those who can curb discretionary spending will avoid this tax hike. This is simply unfair.

The **business & occupation tax** is an assessment on gross business income, not on net profits. The regressive nature of this tax is especially detrimental to small businesses, like the mom-and-pop storefronts and eateries found throughout the 37<sup>th</sup> District. An increase in the B&O tax would hurt these merchants who are frequently our neighbors as well as civic leaders in our community. With so many employers laying off workers and slowing operations, this tax increase would inhibit the growth of our economy precisely when we should be fostering job creation. The nation’s housing and financial crises affected **state property tax** receipts too. Rapidly declining real estate values positioned many homeowners “upside down” in mortgages that exceeded the value of the property. Although most property taxes support local governments or are voter-approved levies, proposals to raise the state portion of property taxes at a time when many people are losing their homes to foreclosure seemed unjustifiable.

EDUCATION, OUR “PARAMOUNT DUTY”

Funding basic education – I am pleased to report that the state is finally focusing on how to fund our sole constitutional obligation. For more than fifteen years, we have demanded higher performance from our students and our schools without making commensurate improvements to the underlying formula that pays for public education. House Bill 2261 changes this structural shortcoming by re-defining “basic education” with a framework designed to make historic reforms in the way we fund our K-12 schools. The legislation creates a Quality Education Council to oversee the full implementation of this plan by 2018. Critics of this controversial measure object – with good reason – to the lack of a clear funding mechanism. Still, proponents make a strong argument for systemically studying the interplay between state and local funding for schools as well as the income inequities that currently exist among school districts. These problems must be resolved and factored into a modern statewide funding formula for education. Under the provisions of HB 2261, separate Working Groups will develop specific recommendations about local levy options, levy equalization, compensation improvements, and new revenue options for state funding.

In the end, I believe that this fuller discussion - involving a greater number of those affected by this far-reaching goal - will yield a stronger, more sustainable, and more broadly supported education funding proposal than could have been achieved during the course of the session. **Addressing the achievement gap** – On Martin Luther King, Jr. Day, the House Education committee heard moving presentations from researchers commissioned to identify barriers to academic achievement for students of color. Designed and directed by the communities of color rather than by bureaucrats, these studies offer unique insights into and thoughtful recommendations for reducing poor academic performance and high drop-out rates among ethnically diverse student populations. In response to these findings, the Legislature established an oversight and accountability committee to develop and monitor a comprehensive plan for eliminating

the achievement gap and ensuring the academic success of *all* students. **Incentives for success** – As almost any parent will attest, incentives work better to motivate children than punishment. I have questioned for many years whether the high-stakes WASL graduation requirement actually increases academic performance or merely encourages students who fail this test to drop out of school. Though the Legislature did not pass my bill to remove the WASL as a barrier to graduation yet still reward those students who meet the rigorous WASL standards, the debate surrounding the implications of this policy will clearly continue. In this regard, I applaud the bold leadership and refreshing candor of our state Superintendent of Public Instruction Randy Dorn who juxtaposed student drop-out rates and recent WASL scores to underscore his genuine commitment to the education of *all* children.



ECONOMIC POLICY HIGHLIGHTS

**Unemployment benefits increase** – In response to climbing unemployment in this gloomy business climate, legislators acted quickly this session to increase unemployment benefits by nearly \$200 per month beginning in May. For those struggling to find work, this extra cash can help feed a family or pay the rent. We also expanded training benefits to assist laid-off workers hone skills necessary to be competitive in the job market. **Definitions matter** – The U.S. Small Business Administration defines “small business” as one with annual gross income up to \$17 million but, in reality, few Washington companies reach this income threshold. According to the state Department of Revenue data, 60% of our businesses report less than \$1 million in gross earnings. This means that in-state business enterprises face a competitive disadvantage in public contracting opportunities won by out-of-state companies with greater economies of scale. I introduced legislation to level the playing field by “right-sizing” our business definitions based on actual income data reported to the state. This measure permits public agencies to use more discrete and descriptive categories of small, mini-, and micro-businesses in soliciting bids. The bill did not pass this year, but I will continue to fight for our small businesses and for fairer opportunities in public contracts.

Why not enact an income tax?

Washington is one of only seven states that do not tax personal income. Two legislative proposals were introduced in the state Senate this year, but neither received a public hearing. The challenges to instituting an income tax are daunting, requiring both:

- a 2/3 majority vote in the Legislature (66 votes in the state House and 33 votes in the state Senate); and
- a constitutional amendment approved by the voters in a statewide ballot.

In my opinion, the necessary votes do not currently exist to clear either of these hurdles.